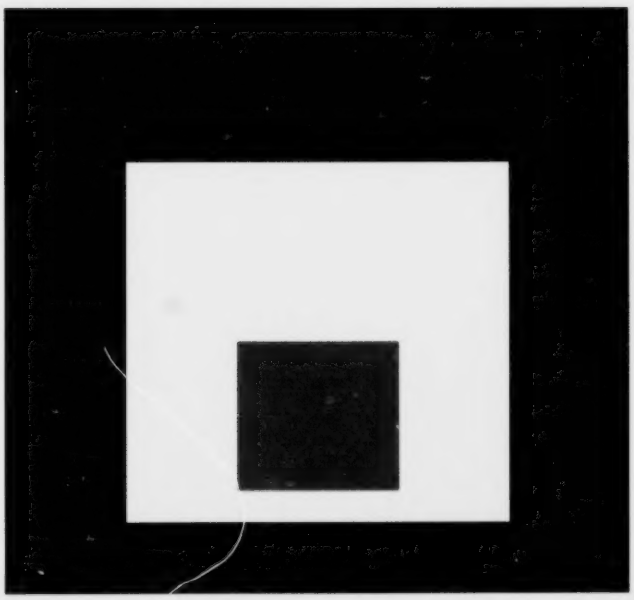
Saskatchewan
Development Fund Corporation

And

Saskatchewan
Development Fund



2008 Annual Report

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

BOARD OF DIRECTORS

Honourable Ken Cheveldayoff, Chair
Honourable Rod Gantefoer, Vice-Chair
Honourable Lyle Stewart, Member

OFFICERS

John Amundson, CA
General Manager

Dorothy Toews
Treasurer

Terry Ross
Corporate Secretary

INVESTMENT MANAGEMENT

Greystone Managed Investments Inc.

GENERAL INQUIRY TELEPHONE NUMBERS

In Regina: (306) 787-1645
Toll free within Saskatchewan: 1-800-667-7543
Fax: (306) 787-8030

MAILING ADDRESS

300 - 2400 College Avenue
Regina, Saskatchewan
S4P 1C8

SASKATCHEWAN DEVELOPMENT FUND CORPORATION AND SASKATCHEWAN DEVELOPMENT FUND

ANNUAL REPORT

For the Year Ended

December 31, 2008

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LETTER OF TRANSMITTAL

Regina, Saskatchewan
March 3, 2009

To His Honour
The Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of the Province of Saskatchewan

Sir:

I have the honour to submit herewith the Annual Reports of the Saskatchewan Development Fund Corporation and the Saskatchewan Development Fund for the year ended December 31, 2008, in accordance with **The Saskatchewan Development Fund Act**. The financial statements are in the form approved by the Treasury Board and have been reported on by the Corporation's auditors.

I have the honour to be, Sir,

Your obedient servant,

Ken Cheveldayoff

Minister of Crown Corporations

ANNUAL REPORT

OF

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

FOR THE YEAR ENDED

December 31, 2008

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

HISTORY AND 2008 HIGHLIGHTS

The Saskatchewan Development Fund Corporation (the Corporation) was established in 1974 under **The Saskatchewan Development Fund Act** to perform the duties of trustee, custodian and manager for the Saskatchewan Development Fund (the Fund), an open-end investment trust. The Corporation initially managed the affairs of the Saskatchewan Development Fund and in return received management fees and sales charges from the Fund.

In 1976, the Corporation expanded its operations to include an annuity business which offered several different types of annuities to the public. These annuities included term-certain annuities for those who wished to receive a retirement income, Income Averaging Annuity Contracts (IAAC's) during the period of time when these annuities were popular and general annuities for those who desired an investment vehicle with combined savings and growth potential.

The Corporation continues to manage the affairs of the Saskatchewan Development Fund although it no longer offers annuities to the public. In 1985, the Corporation moved its operations to the offices of Crown Investments Corporation of Saskatchewan (CIC) and is now administered by the Saskatchewan Development Fund Corporation's Board of Directors through the use of staff and facilities provided by CIC.

In 1988, the Corporation entered into an agreement with Greystone Managed Investments Inc. (Greystone) to provide investment counsel with respect to the Corporation's investment activities. The Corporation has provided Greystone with a statement of investment policies and guidelines which were designed to provide optimum investment returns. On February 24, 2005, the Corporation invested their short-term investments in the Greystone Money Market Fund. This action was taken to simplify cash management.

At December 31, 2008, the present value of the Corporation's annuities payable were $119.2 thousand on 10 outstanding annuity contracts compared to an annuity liability of $170.6 thousand on 13 annuity contracts at December 31, 2007. The annuity liability and the number of contracts outstanding have decreased steadily since their highest level in 1981 when the annuity liability reached $36.7 million on more than 700 annuity contracts. The Corporation has annuity liabilities extending to the year 2013.

The Corporation's net earnings for the year ended December 31, 2008 were $82.4 thousand as compared to $73.8 thousand for the same period in 2007. The Corporation's level of income has remained consistent as costs are reducing in conjunction with decreasing revenue.

The Corporation's investments exceeded its liabilities at December 31, 2008 by more than $2.7 million. As a result, the Corporation has an adequate level of investments to provide for future obligations. A complete list of the Corporation's investments at December 31, 2008 is found on page 13.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

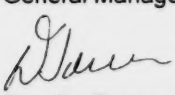
The accompanying Financial Statements have been prepared by management of Saskatchewan Development Fund Corporation. They have been prepared in accordance with generally accepted accounting principles in Canada, consistently applied, using management's best estimates and judgments where appropriate. Management is responsible for the reliability and integrity of the Financial Statements and other information contained in this Annual Report.

The Corporation's Board of Directors is responsible for overseeing the business affairs of the Corporation and also has the responsibility for approving the financial statements. The Board of Directors meets with management, and when necessary, the Corporation's external auditors Dudley & Company, LLP and the Provincial Auditor of Saskatchewan on matters relating to the financial process.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the Financial Statements. The internal controls provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly guarded against unauthorized use and that reliable records are maintained. The Provincial Auditor of Saskatchewan has reported to the Legislative Assembly that these controls are adequately functioning.

Dudley & Company, LLP has audited the Financial Statements. Their report to the Members of the Legislative Assembly, stating the scope of their examination and opinion on the Financial Statements, appears on the following page.

John Amundson, CA
General Manager



Dorothy Toews
Treasurer

March 3, 2009

AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of the Saskatchewan Development Fund Corporation as at December 31, 2008 and the statements of operations and comprehensive income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

Dudley + Company LLP

Chartered Accountants
Regina, Saskatchewan

February 6, 2009

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF FINANCIAL POSITION

As at December 31

	2008	2007
ASSETS		
Current Assets		
Cash	$ 385	$ 43,929
Investments (Note 4)	2,843,651	2,770,383
	$ 2,844,036	$ 2,814,312
LIABILITIES AND PROVINCE'S EQUITY		
Current Liabilities		
Accounts payable	$ 9,293	$ 8,901
Due to Saskatchewan Development Fund	810	2,521
Current portion of annuities payable (Note 5)	47,610	51,380
	57,713	62,802
Annuities payable (Note 5)	71,604	119,214
	129,317	182,016
Province of Saskatchewan's Equity		
Equity advances (Note 6)	1,150,000	1,150,000
Retained earnings	1,564,719	1,482,296
	2,714,719	2,632,296
	$ 2,844,036	$ 2,814,312

Contingent liability (Note 7)

(See accompanying notes)

On behalf of the Board:

_____, Director

_____, Director

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

For the Year Ended December 31

	2008	2007
REVENUE		
Investment	$ 121,670	$ 125,665
Fund management fees (Note 8)	21,227	27,389
	142,897	153,054
EXPENSES		
Interest - annuities	19,415	27,089
Administrative	41,059	52,136
	60,474	79,225
NET EARNINGS	82,423	73,829
OTHER COMPREHENSIVE INCOME	-	-
COMPREHENSIVE INCOME	$ 82,423	$ 73,829

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF RETAINED EARNINGS

For the Year Ended December 31

	2008	2007
RETAINED EARNINGS, BEGINNING OF YEAR	$ 1,482,296	$ 1,408,467
NET EARNINGS	82,423	73,829
RETAINED EARNINGS, END OF YEAR	$ 1,564,719	$ 1,482,296

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF CASH FLOWS

For the Year Ended December 31

	2008	2007
OPERATING ACTIVITIES		
Net earnings	**$ 82,423**	$ 73,829
Deduct non-cash item:		
Amortization of discounts and premiums	**(116,104)**	(117,524)
	(33,681)	(43,695)
Net change in non-cash working capital balances related to operations (Note 9)	**(1,319)**	(40,066)
Cash used in operating activities	**(35,000)**	(83,761)
INVESTING ACTIVITIES		
Purchase of investments - held-to-maturity	**(339,816)**	(501,840)
Purchase of investments - held-for-trading	**(85,348)**	(7,408)
Proceeds from sale of investments - held-to-maturity	**468,000**	528,000
Proceeds from sale of Investments - held-for-trading	**-**	90,000
Cash provided by investing activities	**42,836**	108,752
FINANCING ACTIVITIES		
Repayment of annuities payable	**(51,380)**	(44,510)
Cash used in financing activities	**(51,380)**	(44,510)
NET DECREASE IN CASH DURING THE YEAR	**(43,544)**	(19,519)
CASH POSITION, BEGINNING OF YEAR	**43,929**	63,448
CASH POSITION, END OF YEAR	**$ 385**	$ 43,929

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

1. Summary of Significant Accounting Policies

The Saskatchewan Development Fund Corporation's (SDFC) financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following are considered to be significant:

a) Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Actual amounts could differ from these estimates.

b) Financial instruments

The following is a summary of SDFC's financial instruments, their classification and measurement basis:

- Cash and money market investments are classified as held-for-trading and are measured at fair value with changes in fair value recognized in net earnings.
- Accounts payable and other short-term liabilities are classified as other liabilities and are measured at amortized cost.
- Investments are held-to-maturity and are measured at amortized cost.
- Annuities payable are classified as other liabilities and are measured at amortized cost.

c) Revenue recognition

Revenue from investments held is recorded as income in the period earned. Revenue from management fees are recorded when service is provided.

2. Status of the Corporation

SDFC was established in 1974 under **The Saskatchewan Development Fund Act** to perform the duties of trustee, custodian and manager for the Saskatchewan Development Fund. In 1976, SDFC also instituted an annuity business as part of its operations. The annuity operations are reflected in these financial statements. Effective January 1, 1986, SDFC ceased to offer new annuities to the public.

SDFC has been designated by Order-in-Council as a corporation to which the provisions of **The Crown Corporations Act, 1993** apply. Accordingly, the financial results of the Corporation are included in the consolidated financial statements of Crown Investments Corporation of Saskatchewan (CIC).

SDFC is a Provincial Crown corporation and therefore is not subject to Federal or Provincial income tax.

3. Changes in accounting policies

Effective January 1, 2008, SDFC adopted the accounting recommendations for capital disclosures (Canadian Institute of Chartered Accountants (CICA) Handbook Section 1535) in accordance with the transition provisions of the section. This section requires disclosure of information related to the objectives, policies and processes for managing capital, and particularly whether externally imposed capital requirements have been complied with. As this standard only addresses disclosure requirements, there is no impact on SDFC's operating results.

Effective January 1, 2008, SDFC adopted the accounting recommendations for financial instruments - disclosures (CICA Handbook Section 3862) and financial instruments - presentation (CICA Handbook Section 3863) in accordance with the transition provisions of the sections. These sections replace the existing disclosure and presentation recommendations contained in financial instruments - disclosure and presentation (CICA Handbook Section 3861). The new disclosure standards increase the disclosures related to financial instruments, and the nature, extent and management of SDFC's risks arising from financial instruments. The presentation standards carry forward unchanged the former presentation requirements. As these standards only address disclosure and presentation requirements, there is no impact on SDFC's operating results.

4. Investments

Description	2008 Cost	2008 Fair Value	2007 Cost	2007 Fair Value
Money Market				
Money Market fund	**$ 198,923**	**$ 198,923**	$ 113,575	$ 113,575
Bonds and Debentures				
Canada Zero Coupon $468,000, June 1, 2008	-	-	459,545	460,418
Canada Zero Coupon $585,000, June 1, 2009	**574,870**	**583,081**	552,118	554,802
Canada Zero Coupon $435,000, June 1, 2010	**411,524**	**428,962**	395,410	397,220
B. C. Zero Coupon $485,000, Sept. 5, 2011	**421,622**	**455,735**	399,379	415,660
Canada Zero Coupon $150,000, June 1, 2011	**136,000**	**145,390**	130,164	131,663
Canada Zero Coupon $600,000, June 1, 2011	**540,835**	**581,562**	516,228	526,650
Canada Zero Coupon $374,000, June 1, 2011	**346,497**	**362,507**	-	-
Canada Zero Coupon $125,000, June 1, 2012	**108,830**	**118,239**	104,068	105,440
Canada Zero Coupon $125,000, June 1, 2013	**104,550**	**115,348**	99,896	101,311
	2,644,728	**2,790,824**	2,656,808	2,693,164
Total Investments	**$ 2,843,651**	**$ 2,989,747**	$ 2,770,383	$ 2,806,739

4. Investments (continued)

a) Federal bonds are valued at their recognized public exchange closing sale price on their valuation date.

b) Total cash interest received on investments during the year was $156.2 thousand (2007 - $177.4 thousand).

c) Market Risk

SDFC has entered into long-term investments to match maturities of annuities payable with its asset portfolio. Therefore, SDFC's exposure to market risk is insignificant.

5. Annuities Payable

	2008	2007
Annuities payable at various interest rates, repayable in monthly, quarterly, semi-annual and annual installments until maturity	$ 119,214	$ 170,594
Less: current portion	47,610	51,380
Long-term portion of annuities payable	$ 71,604	$ 119,214

SDFC has 10 outstanding annuities at December 31, 2008, with maturing dates ranging from 2009 to 2013. Total gross payments on remaining annuities are $141.8 thousand (2007 - $212.6 thousand) assuming all annuities run to maturity.

Fair value of annuities payable is determined by discounting future payments at current market rates. Fair value of annuities payable at December 31, 2008 is $133.7 thousand (2007 - $196.3 thousand).

Interest paid on long-term annuities payable during the year, on a cash basis, was $19.4 thousand (2007 - $27.1 thousand).

6. Equity Advances and Capital Disclosures

SDFC does not have share capital. However, SDFC has received equity advances from its parent CIC to form its equity capitalization. The advances reflect an equity investment in SDFC by CIC.

SDFC is in the process of winding down its operations. Currently SDFC does not carry any debt other than annuities payable. SDFC is not expecting to borrow during its wind-down period. Any assets on dissolution will be transferred to CIC.

7. Contingent Liability

The Saskatchewan Development Fund Act requires that SDFC guarantee the difference between the market value of each shareholder's investment in the Saskatchewan Development Fund (the Fund) upon redemption and the value of the shareholder's original investment (net of initial sales charges) including accrued interest on the investment at an annual rate of 5%. This guarantee applies only if the market value of the shareholder's investment is lower than the guaranteed amount.

The guarantee liability under this provision throughout 2008 did not exceed the market value of any investment redeemed in the current year. Therefore, SDFC did not pay any amounts to the Saskatchewan Development Fund's redeemed shareholders in 2008 under this provision.

8. Fund Management Fees

SDFC recovers the costs it incurs in the management of the Fund by charging the Fund a management fee. This fee is limited by **The Saskatchewan Development Fund Act** to the lesser of 1.25% of the net value of the assets of the Fund or those corporate expenses directly attributable to the management of the Fund on an annual basis.

9. Net Change in Non-Cash Working Capital Balances Related to Operations

	2008	2007
Increase (decrease) in accounts payable	$ 392	$ (42,072)
(Decrease) increase in due to Saskatchewan Development Fund	(1,711)	2,006
	$ (1,319)	$ (40,066)

10. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

SDFC paid CIC $24,283 (2007 - $36,206) for accounting and technical services and lease of space under agreements between SDFC and CIC.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

ANNUAL REPORT TO THE SHAREHOLDERS

OF

SASKATCHEWAN DEVELOPMENT FUND

FOR THE YEAR ENDED

December 31, 2008

SASKATCHEWAN DEVELOPMENT FUND

HISTORY AND 2008 HIGHLIGHTS

The Saskatchewan Development Fund (the Fund) was established in 1974 as an open-end investment trust (mutual fund) under **The Saskatchewan Development Fund Act**. Over the years, the Fund offered five types of investment accounts to the public. These were registered retirement savings plans (RRSPs), registered homeownership savings plans (RHOSPs), deferred profit sharing plans (DPSPs), registered retirement income funds (RRIFs) and regular shareholder accounts. Currently, the Fund administers only RRSPs and regular shareholder accounts.

In 1983, the Fund discontinued the sale of new shares to the public and became a discontinued open-end mutual fund. Since 1983, administration of the Fund has been focused on meeting the expectations of the Fund's clientele and on the orderly wind-down of the Fund's operations. On January 2, 2002 the Fund sold its individual asset holdings and purchased Greystone mutual funds. This action was taken to simplify fund management and decrease costs to the investor through reduced investment transaction fees and custodial fees.

The Fund's share value closed 2008 at $11.24 per share, compared to $12.34 per share at December 31, 2007. During the last half of 2008, Canada's economy was affected by the worldwide financial crisis. The Fund, though protected somewhat by its limited exposure to the stock markets, experienced a reduction in the value of its equity holdings. The Fund investors experienced a loss of 5.11 percent in the value of their investments. Given the exposure of other balanced Fund's in the Canadian market performance of the Fund was in the top quartile.

The Fund's earnings increased $34.5 thousand (or 40.6%) in 2008 to $119.8 thousand compared to earnings of $85.2 thousand in 2007. The increase is due mainly to The Fund carrying higher cash and Fixed Income balances, higher dividends and lower management fees.

Earnings returned 47.3 cents per share in 2008 compared to 33.5 cents per share in 2007. During 2008, the Fund provided a 5.11% rate of return to the shareholders compared to a three year average return of 1.96% and a five year average return of 4.54%.

The net assets of the Fund at December 31, 2008, are distributed to shareholders by type of account as listed below with comparative figures at December 31, 2007.

	December 31, 2008			December 31, 2007		
	Market Value	%	Number of Investors	Market Value	%	Number of Investors
Retirement Savings Plan	**$ 1,968,854**	**38.33**	**46**	$ 2,085,116	64.72	46
Regular Accounts	**998,065**	**61.67**	**74**	1,136,735	35.28	79
	$ 2,966,919	**100.00**	**120**	$ 3,221,851	100.00	125

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

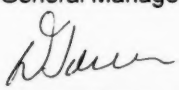
The accompanying Financial Statements have been prepared by management of Saskatchewan Development Fund Corporation. They have been prepared in accordance with generally accepted accounting principles in Canada, consistently applied, using management's best estimates and judgments where appropriate. Management is responsible for the reliability and integrity of the Financial Statements and other information contained in this Annual Report.

The Corporation's Board of Directors is responsible for overseeing the business affairs of the Corporation and also has the responsibility for approving the Financial Statements. The Board of Directors meets with management, and when necessary, the Corporation's external auditors Dudley & Company, LLP and the Provincial Auditor of Saskatchewan on matters relating to the financial process.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the Financial Statements. The internal controls provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly guarded against unauthorized use and that reliable records are maintained. The Provincial Auditor of Saskatchewan has reported to the Legislative Assembly that these controls are adequately functioning.

Dudley & Company, LLP has audited the Financial Statements. Their report to the Members of the Legislative Assembly, stating the scope of their examination and opinion on the Financial Statements, appears on the following page.

John Amundson, CA
General Manager



Dorothy Toews
Treasurer

March 3, 2009

AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of assets and liabilities of the Saskatchewan Development Fund as at December 31, 2008 and the statements of change in net assets and realized gain on sale of investments and operations for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Saskatchewan Development Fund as at December 31, 2008 and the results of its operations and the changes in net assets for the year then ended in accordance with accounting principles generally accepted in Canada.

Dudley + Company LLP

Chartered Accountants
Regina, Saskatchewan
February 6, 2009

SASKATCHEWAN DEVELOPMENT FUND

STATEMENT OF ASSETS AND LIABILITIES

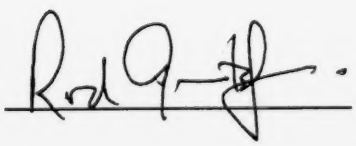
As at December 31

	2008	2007
ASSETS		
Investments (Note 3)	**$ 2,942,271**	$ 3,188,394
Cash	**23,838**	30,936
Due from Saskatchewan Development Fund Corporation	**810**	2,521
	2,966,919	3,221,851
LIABILITIES		
Payable for shares redeemed	**-**	-
NET ASSETS REPRESENTING SHAREHOLDERS' EQUITY (Note 5)	**$ 2,966,919**	$ 3,221,851
264,062 shares (2007 - 261,139 shares) (Notes 4 & 5)		
NET ASSET VALUE PER SHARE (Note 6)	**$ 11.24**	$ 12.34

(See accompanying notes)

On behalf of the Board:

, Director

 , Director

SASKATCHEWAN DEVELOPMENT FUND

STATEMENT OF CHANGES IN NET ASSETS AND REALIZED GAIN ON SALE OF INVESTMENTS

For the Year Ended December 31

	2008	2007
CHANGE IN NET ASSETS		
Net assets at beginning of year	**$ 3,221,851**	$ 3,295,621
Net earnings for the year	**119,760**	85,217
Net realized gain on sale of investments	**45,284**	134,700
Net unrealized depreciation of investments	**(324,707)**	(79,393)
	3,062,188	3,436,145
Less:		
Amounts paid for shares redeemed	**95,269**	214,294
Net assets at end of year	**$ 2,966,919**	$ 3,221,851
Net asset value per share	**$ 11.24**	$ 12.34
REALIZED GAIN ON SALE OF INVESTMENTS		
Proceeds from sale of investments	**$ 620,454**	$ 774,627
Cost of investments sold during the year*	**575,170**	639,927
Realized gain on sale of investments	**$ 45,284**	$ 134,700
***Cost of Investments Sold During the Year**		
Cost of investments at beginning of year	**$ 3,023,148**	$ 3,023,750
Cost of investments purchased during the year	**653,754**	639,325
	3,676,902	3,663,075
Cost of investments at end of year	**3,101,732**	3,023,148
Cost of investments sold during the year	**$ 575,170**	$ 639,927

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND

STATEMENT OF OPERATIONS

For the Year Ended December 31

	2008	2007
REVENUE		
Interest	**$ 111,132**	$ 106,820
Dividends	**32,406**	8,391
	143,538	115,211
EXPENSES (Note 7)		
Management fees (Note 8)	**21,227**	27,389
Investment management fees	**2,484**	2,605
Bank service charges	**67**	-
	23,778	29,994
NET EARNINGS FOR THE YEAR	**$ 119,760**	$ 85,217
NET EARNINGS PER SHARE (IN CENTS)	**47.3**	33.5

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

1. Summary of Significant Accounting Policies

The Saskatchewan Development Fund (SDF) financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following are considered to be significant:

a) Valuation of investments

The Saskatchewan Development Fund's investments are recorded at fair value determined as follows:

Securities listed upon a recognized public exchange are valued at their closing sale price on the valuation date.

Securities not traded on that date are valued at a price between the latest closing recorded asked and bid prices.

Securities not listed upon any exchange are valued in the same manner as above based upon any available public quotation in common use or at a price estimated to be the fair value thereof.

b) Fair value

Cash, due to (from) Saskatchewan Development Fund Corporation and payable for shares redeemed are carried at cost which approximates their fair value.

c) Investment transactions and income

SDF has invested in three mutual funds offered by Greystone Managed Investments Inc. Transactions are recorded monthly and prorated to individual investors' accounts on the last working day of each month. Realized gains and losses from investment transactions are calculated in accordance with the average cost method.

2. Status of the Fund

The Saskatchewan Development Fund (SDF) was established as an open-end investment trust in 1974 pursuant to **The Saskatchewan Development Fund Act** and is managed under the auspices of the Saskatchewan Development Fund Corporation (SDFC) which performs the duties of trustee, custodian and manager for the Fund. On July 15, 1983, the Fund discontinued the sale of new shares and became a "discontinued open-end" investment trust.

3. Investments

Description	**2008 Cost**	**2008 Fair Value**	2007 Cost	2007 Fair Value
Greystone Money Market Fund				
2008 - 70,181 units (2007 - 75,857 units)	**$ 701,811**	**$ 701,811**	$ 758,568	$ 758,568
Greystone Fixed Income Fund				
2008 - 169,150 units (2007 - 180,611 units)	**1,691,617**	**1,675,600**	1,805,824	1,814,964
Greystone Canadian Equity Fund				
2008 - 32,189 units (2007 - 20,899 units)	**708,304**	**564,860**	458,756	614,862
Total Investments	**$ 3,101,732**	**$ 2,942,271**	$ 3,023,148	$ 3,188,394

4. Taxation

The Fund qualifies as a mutual fund trust under the **Income Tax Act** and is fully registered to administrate four types of equity accounts. These are registered retirement savings plans, deferred profit sharing plans, registered retirement income funds and regular shareholder accounts.

5. Shareholders' Equity

a) Shareholders' equity includes the amounts representing the shareholders' net initial investments, reinvested earnings, realized gains or losses on sale of investments and unrealized appreciation or depreciation of investments.

b) The shares of the Fund are redeemable at the option of the holder in accordance with the provisions of **The Saskatchewan Development Fund Act** and with respect to the taxation status of the shareholder's account. The Fund is now a "discontinued open-end" investment trust and has taken on no new contributions since July 15, 1983 except where contractual arrangements had been made prior to July 15, 1983.

6. Net Asset Value Per Share

The net asset value per share as at the end of the years indicated was as follows:

	2008	2007	2006	2005	2004
Net asset value per share	**$ 11.24**	$ 12.34	$ 12.14	$ 11.64	$ 10.88

7. Expense Ratio

The following is the ratio of all expenses of the Fund, expressed as a percentage of the average of the net assets calculated for the purpose of the redemption of shares of the Fund, as at each valuation date of the Fund:

	Year Ended December 31				
	2008	2007	2006	2005	2004
Expense ratio	**0.76%**	0.92%	0.88%	0.80%	0.83%

8. Management Fees

SDFC recovers the costs it incurs in the management of the Fund by charging the Fund a management fee. This fee is limited by **The Saskatchewan Development Fund Act** to the lesser of 1.25% of the net value of the assets of the Fund or those corporate expenses directly attributable to the management of the Fund on an annual basis.

9. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. Other amounts and transactions due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.